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DAIM-LRT

GOVT PUTS ON HOLD BOND ISSUANCE TO BUY PUTRA AND STAR

KUALA LUMPUR, May 29 (Bernama) -- The government is putting on hold the issuance of bonds pursuant to the proposed acquisition of assets of both Projek Usahasama Transit Aliran Ringan (PUTRA) and Sistem Transit Aliran Ringan (STAR), Finance Minister Tun Daim Zainuddin said here today.

He said that the government is waiting for the Corporate Debt Restructuring Scheme (CDRC) to come out with an alternative plan for these companies.

"We leave it to the CDRC, they are in charge of the restructuring," he told reporters after a seminar organised by the Industrial Development Corporation of South Africa here today.

Asked why there was a delay on the proposed acquisition, Daim said, "some people say it is not worth that much, I suppose, and some people say if we (government) do it, then they say, you want to save those investors."

Yesterday, Prime Minister Datuk Seri Dr Mahathir said the government is now rethinking whether to continue with its decision to acquire the assets of both PUTRA and STAR or find other ways to make the Light Rail Transit (LRT) service viable.

The financially-troubled PUTRA and STAR are now under the CDRC.

Last year, the government announced it is buying the assets of both PUTRA and STAR, via a bond issue of RM5.5 billion which is due next month.

Meanwhile, Daim, when asked whether he was worried of capital flight from Malaysia as the country's external reserves have fallen to its lowest level since the 1997/98 economic crisis, said: "The last few days, there was inflow (of capital)."

Bank Negara yesterday said that net international reserves amounted to RM99.2 billion as at Mid-May from RM100.4 billion at end-April, sufficient to sustain 3.8 months of retained imports.

On the ringgit's pegging, the Finance Minister reiterated that the currency would remain at RM3.8 per US dollar.

"Definitely," he said, when asked further whether the pegging will remain until the end of this year.

Meanwhile, Daim's leave status continues to attract the media's attention.

"I'm still on leave. I want to discuss with you (media), get your advice what I should do," he said in jest. -- BERNAMA

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